

## I. HIGHER EDUCATION (Non Proposition 98)

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)	Comments
6440-001-0001 University of California	January Budget: General Fund Support	Governor's budget provides 3% General Fund augmentation	Approve As Budgeted	No	0,000	Issue previously heard by committee on April 17th
6440-001-0001 University of California	January Budget: Student Fee Buyout	Governor's budget provides General Fund augmentation to "buy out" proposed student fee increases at the UC	Approve As Budgeted	No	0,000	Issue previously heard by committee on April 17th
6440-001-0001 University of California	January Budget: Enrollment Growth and new Marginal Cost funding rate	Governor's budget provides funding to support growth of 2.5% in student enrollments at the UC	Approve 2.5% enrollment growth at rate reflecting existing marginal cost methodology	Yes, per attached	-10,380	Enrollment growth issue previously heard by committee on April 17th. Staff, LAO, Admin., UC, and CSU have been working since January to resolve outstanding issues related to the Administration's new marginal cost proposal. Having been unable to resolve those conflicts, staff recommends the committee adopt dollars and language reflecting the current methodology and allow parties to re-examine the issue as part of the 2007-08 budget.
6440-001-0001 University of California	May Revision: Reversion of unused current year enrollment dollars (Issue 206)	Current Year Budget Act requires the UC to revert any funds allocated for enrollment growth which were not used to support student enrollments. This provision will result in \$3.76 million being reverted to the General Fund	Approve May Revision	No	0,000	Issue previously heard by committee on April 17th

6440-001-0001 University of California	January Budget: Support for Nursing Education	Governor's Budget provides \$1.7 million to support increased nursing enrollments at the UC	Reduce by \$757,000 to reflect \$1 million in one-time start-up funds available in May Revision and the addition of 20 Master's Degree Nursing FTES funded at \$5,143 per FTES above marginal cost.	Yes, per attached	-0.757	Issue previously heard by committee on April 17th
6440-001-0001 University of California	May Revision: One-time Funds for Nursing (Issue 200)	May Revision proposes \$1 million one-time to recruit faculty and fund other start-up costs associated with expanding undergraduate and graduate nursing programs. Funds would be available for expenditure for a three-year time period.	Approve May Revision with revised BBL	Yes, per attached	0.000	New Issue
6440-001-0001 University of California	January Budget: Support for UC Math and Science Teacher Initiative	Governor's Budget provides \$750,000 to continue supporting UC's Math and Science Teacher Initiative	Approve As Budgeted	AAB	0.000	Issue previously heard by committee on April 17th
6440-001-0001 University of California	January Budget: Support for Student Academic Preparation (outreach) programs	Governor's Budget fails to provide state funding for Student Academic Preparation Programs.	Augment, by \$17.3 million, and adopt Budget Bill Language specifying (1) amount to be expended on programs and (2) requiring the UC to report detailed information on the outcomes of the programs (language attached).	BBL, per attached	17.300	Issue previously heard by committee on April 17th

6440-001-0001	<i>January Budget: Research</i>	Governor's Budget fails to provide funding for research related to labor or to provide augmentations for substance abuse or obesity research.	<b>Augment by \$6 million for labor research; \$4 million for substance abuse research; and \$1 million for obesity and diabetes related research</b>	BBL, per attached	11,000	Labor research issue previously heard by committee on April 17th; other research augmentations are new issues
6440-001-0001	<i>January Budget: Reinstatement of Research-Related Budget Bill Language; Augmentation for Selected Research Programs</i>	Governor's Budget no longer includes language specifying the amount of state dollars to be expended on various research programs.	<b>Restore Budget Bill Language specifying research programs and dollars and adopt reporting language related to UC-Mexico research and academic programs</b>	BBL, per attached	0,000	Reinstatement of BBL heard by committee on April 17th. Reporting language related to UC-Mexico is a new issue
6440-001-0001	<i>New Issue: Reporting Language related to use of budgeted funds and re-implementation of payments to UC Retirement Plan</i>	Committee may wish to consider adopting additional reporting language aimed at (1) obtaining information on the allocation of funds for salary increases; and (2) pending changes to UC's pension program.	<b>Approve new Budget Bill Language</b>	BBL, per attached	0,000	New Issue
6440-001-0001	<i>New Issue: Reporting Language related to UC Compensation practices</i>	Committee discussed, at length, need to adopt specific reporting requirements related to UC compensation practices and policies.	<b>Approve new Budget Bill Language</b>	BBL, per attached	0,000	Issue previously heard by committee on April 17th
6440-301-6048 6440-302-6048	<i>January Budget: UC Capital Outlay</i>	Governor proposed \$315.3 million in new GO bonds to fund capital improvement projects on UC campuses	<b>Approve As Budgeted</b>	No	0,000	Issue previously heard by committee on April 17th

6440-301-0660	<i>April Finance Letter: UC Capital Outlay</i>	Governor proposed to use \$24.6 million in lease-revenue bonds to finance an Education and Social Sciences Building at UCSB	<b>Delete Item 6440-301-0660 from the Budget Bill; Add \$24.6 million and authority for the project to the 6440-301-6048 (GO Bond funded item).</b>	Yes	0,000	Issue previously heard by committee on April 17th. Recommended action approves project, but shifts funding source to GO bonds. UC's "share" of the pending GO bond measure will not increase (as that amount is set in statute). As a result, UC will need to absorb this project from within its GO bond allocation
6600-001-0001 Hastings College of Law	<i>January Budget: Relocation and Moving Expenses</i>	Augment Governor's proposal for Hastings by \$776,000 (one-time) to provide for moving and relocation costs associated with code-compliance project at Administration building	<b>Augment by \$776,000 (one-time)</b>	BBL specifying one-time use of funds	0,776	Issue previously heard by committee on April 17th
6610-001-0001 California State University	<i>January Budget: General Fund Support</i>	Governor's budget provides 3% General Fund augmentation	<b>Approve As Budgeted</b>	No	0,000	Issue previously heard by committee on April 17th
6610-001-0001	<i>January Budget: Student Fee Buyout</i>	Governor's budget provides General Fund augmentation to "buy out" proposed student fee increases at the UC	<b>Approve As Budgeted</b>	No	0,000	Issue previously heard by committee on April 17th

6610-001-0001	January Budget: Enrollment Growth and new Marginal Cost funding rate	Governor's budget provides funding to support growth of 2.5% in student enrollments at the UC	<b>Approve 2.5% enrollment growth</b>	Yes	-13,499	Enrollment growth issue previously heard by committee on April 17th. Staff, LAO, Admin., UC, and CSU have been working since January to resolve outstanding issues related to the Administration's new marginal cost proposal. Having been unable to resolve those conflicts, staff recommends the committee adopt dollars and language reflecting the current methodology and allow parties to re-examine the issue as part of the 2007-08 budget.
6610-001-0001	January Budget: Support for CSU Math and Science Teacher Initiative	Governor's Budget provides \$1.1 million to continue supporting CSU's Math and Science Teacher Initiative	<b>Approve As Budgeted</b>	AAB	0,000	Issue previously heard by committee on April 17th
6610-001-0001 University of California	January Budget: Support for Student Academic Preparation and retention programs	Governor's Budget fails to provide state funding for Student Academic Preparation and Retention Programs.	<b>Augment, by \$7.0 million, and adopt Budget Bill Language specifying (1) amount to be expended on programs and (2) requiring the CSU to report detailed information on the outcomes of the programs (language attached).</b>	BBL, per attached	7,000	Issue previously heard by committee on April 17th
6610-001-0001	January Budget: Support for Nursing Education	Governor's Budget provides \$1.7 million to support increased nursing enrollments at the CSU	<b>Approve As Budgeted with revised BBL</b>	BBL, per attached	0,000	Issue previously heard by committee on April 17th

6610-001-0001	<i>May Revision: One-time Funds for Nursing (Issue 209)</i>	May Revision proposes \$1 million one-time to recruit faculty and fund other start-up costs associated with expanding undergraduate and graduate nursing programs. Funds would be available for expenditure for a three-year time period.	<b>Approve May Revision; Augment by \$1 million one-time; Adopt revised Budget Bill Language</b>	Yes, per attached	1,000	New Issue
6610-001-0001	<i>New /Issue: Additional Funds for Undergraduate Nursing Student Enrollment</i>	CSU notes that they could enroll an additional 35 FTES in Baccalaureate Nursing Programs beginning in the 2006-07 fiscal year.	<b>Approve \$371,000 augmentation to provide support for additional 35 FTES</b>	Yes, per attached	0,371	New Issue
6610-004-0001 (New Item)	<i>New /Issue: Western Interstate Commission on Higher Education Dues</i>	California is one of 15 member states in WICHE. Until the current year, California was in arrears in the payment of its dues to the organization. In the current year, UC, CSU and the CCCCs each paid a portion of the total amount due, bringing California "current".	<b>Approve augmentation of \$112,000 to pay dues for 2007.</b>	BBL stating use of dollars		
7980-101-0001 California Student Aid Commission	<i>January Budget: Increase maximum Cal Grant award level for students attending private colleges and universities</i>	Governor's Budget provides an additional \$11.9 million to increase the maximum Cal Grant award level for students attending private colleges and universities to \$9,708	<b>Approve as Budgeted</b>	AAB	0,000	Issue previously heard by committee on May 1st
7980-101-0001 California Student Aid Commission	<i>January Budget: APLE program set-aside for UC/CSU Math and Science Teacher Initiative</i>	Governor's Budget sets aside 600 APLE loan assumption warrants for sole use by the UC and CSU system to encourage their students to become math and science teachers. Establishes new requirements for these 600 warrants in Budget Bill Language	<b>Approve as Budgeted; Augment number of available APLE warrants by 600 specifically for new program.</b>	Revised BBL		Issue previously heard by committee on April 17th
7980-101-0001	<i>January Budget: Loan Assumption warrants for National Guard APLE program</i>	Governor's Budget proposes to authorize 100 new loan assumption warrant for the National Guard APLE program to encourage individuals to enlist in the National Guard	<b>Deny Governor's Proposal</b>	Delete language		

7980-101-0001	January Budget: SN-APPLE (nursing) Loan Assumption Program	Governor's Budget fails to provide ongoing authority for the Student Aid Commission to issue new loan assumption warrants for the SNAPPLE program in 2006-07	<b>Approve new authority for 100 new loan assumption warrants</b>	BBL and TBL, per attached		Adopt Trailer Bill Language to clarify criteria for awarding loan assumption warrants and make the program easier to administer.
7980-101-0001	May Revision: SN-APPLE Program	May Revision proposes to extend the authorization of 100 current year SNAPPLE awards, which were unused, to 2006-07.	<b>Deny Governor's Proposal</b>			Governor's proposal continues to assume that program is one-time in nature and that the warrants need to be extended an additional year. Please see prior issue.
7980-601-0001	May Revision: Nursing Grant Program (Issue 214)	May Revision proposes to establish a new grant program aimed at recruiting and retaining nurses in state-run health facilities	<b>Deny Governor's Proposal: Adopt language authorizing 40 new loan assumption warrants for a new State Facilities Assumption Program of Loans for Education, contingent upon the enactment of legislation.</b>	BBL authorizing warrants, contingent upon legislation	-0,600	As currently proposed, Nursing Grant program appears difficult to administer and unlikely to result in more nurses entering state-service.
7980-001-0574	May Revision: Nursing Grant Program (Issue 215)	May Revision proposes \$30,000 and half of a position to administer the new nursing grant program	<b>Approve Gov's Proposal, shift funding to budget bill, language making appropriation contingent upon enactment of legislation</b>	BBL	0,000	Establish position as ongoing; retain funding source as SLOF; appropriate in Budget Bill

7980-101-0001 7980-001-0574	New /Issue: Public Interest Attorney Loan Repayment Program	Program established in statute in 2001. Student Aid Commission never received funding or authority to enact the program	<b>Approve authority for 100 new loan assumption warrants; \$100,000 from Student Loan Operating Fund for State operations; and 1.0 position</b>	BBL specifying authority for warrants and funding for the staff position		Issue previously heard by committee on May 1st
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**BUDGET BILL LANGUAGE FOR  
UC AND CSU ENROLLMENT TARGETS**

**University of California**

*Replace Provision 13 of Item 6440-001-0001 with the following:*

Of the amount appropriated in Schedule (1), \$41,640,000 is to fund 5,149 additional state-supported full-time equivalent [FTE] students at the University of California (UC), based on a marginal General Fund cost of \$8,087 per additional student. As a result, the Legislature expects UC to enroll a total of 193,455 state-supported FTE students during the 2006-07 academic year. This enrollment target does not include nonresident students and students enrolled in non-state supported summer programs. The UC shall report to the Legislature by March 15, 2007, on whether it has met the 2006-07 enrollment goal. For purposes of this provision, enrollment totals shall only include state-supported students. If UC does not meet its total state-supported enrollment goal by at least 257 FTE students, the Director of Finance shall revert to the General Fund by April 1, 2007, the total amount of enrollment funding associated with the total share of the enrollment goal that was not met.

**University of California. Item 6440-001-0001**

Provision 15. Of the amount provided in Schedule (1), ~~\$1,720,000~~ \$860,000 is appropriated to fund the full cost of a minimum of ~~130~~ 65 full-time equivalent (FTE) students in Entry-Level Clinical Nursing Programs and Masters Entry Programs in Nursing, ~~with priority given to entry level master's nursing degree programs.~~ and \$103,000 is to support an additional 20 Master's Level Nursing students. This funding is intended as a supplement to marginal cost support provided within UC's enrollment growth funding, in recognition of higher costs associated with master's level nursing programs. The university shall report to the Legislature and the Governor by May 1, 2007 on its progress toward meeting this enrollment goal.

Provision X. Of the amount provided in Schedule (1), \$1,000,000 is appropriated on a one-time basis for faculty recruitment and start-up costs associated with the expansion of undergraduate and graduate nursing programs. It is the intent of the Legislature that these start-up funds result in the UC increasing its 2007-08 graduate-level nursing enrollments by 75 FTES and its 2007-08 undergraduate nursing enrollments by 108 FTES above the number served in 2006-07.

**University of California. Item 6440-001-0001**

Provision X. Of the amount appropriated in Schedule (1), \$17,300,000 is appropriated for student academic preparation and education programs (SAPEP) and is to be matched with \$12,000,000 from existing university resources, for a total of \$29,300,000 for these programs. The University of California will provide a plan to the department of Finance and the fiscal committees of the Legislature for expenditure of both state and university funds for SAPEP by September 1, 2006. It is the intent of the Legislature that the university report on the use of state and university funds provided for these programs, including detailed information on the outcomes and effectiveness of academic preparation programs consistent with the accountability framework developed by the University of California in April 2005. The report should be submitted to the fiscal committee of each house of the Legislature no later than April 1, 2007.

## BUDGET BILL LANGUAGE FOR UC RESEARCH INSTITUTES

### **Amend Provisions 9 and 10 of Item 6440-001-0001:**

9. Of the amount appropriated in Schedule (1), \$1,609,000 is for the California State Summer School for Math and Science (COSMOS). The University of California shall report on the outcomes and effectiveness of COSMOS every five years, commencing April 1, 2011.

10. Of the amount appropriated in Schedule (1), \$770,000 is for ~~includes funding for the University of California to support~~ the Welfare Policy Research Project, per Article 9.7 (commencing with Section 11526) of Chapter 2 of Part 3 of the Welfare and Institutions Code.

### **Add the following provisions to Item 6440-001-0001:**

X. Of the funds appropriated in Schedule (1), \$475,000 shall be expended for the Center for Earthquake Engineering Research, contingent upon the center continuing to receive federal matching funds from the National Science Foundation.

X. Of the funds appropriated in Schedule (1), \$385,000 shall be expended for viticulture and enology research contingent upon the receipt of an equal amount of private sector matching funds.

X. Of the funds appropriated in Schedule (1), \$18,000,000 is for the substance abuse research at the University of California, San Francisco campus in the Neurology Department.

X. Of the amount appropriated in Schedule (1), \$770,000 shall be used for lupus research at the University of California at San Francisco.

X. Of the amount appropriated in Schedule (1), \$1,539,000 shall be used to expand spinal cord injury research.

X. Of the amount appropriated in Schedule (1), \$3,848,000, is to fund the Medical Investigation of Neurodevelopmental Disorders (MIND) Institute, including \$3,500,000 for research grants program.

X. Of the amount appropriated in Schedule (1), \$6,000,000 shall be used to support research on labor and employment and labor education. Out of this amount, 60 percent shall be for system-wide labor research grants and 40 percent for the Centers for Labor Research and Education and the Institutes of Industrial Relations at UC Berkeley and UCLA to support labor education throughout the UC system.

X. Of the amount appropriated in Schedule (1), \$1,000,000 is to fund research at the Institute for Experimental Research on Obesity and Diabetes.

## BUDGET BILL LANGUAGE FOR UC-MEXICO RESEARCH

### **Amend Provisions 11 of Item 6440-001-0001:**

11. Notwithstanding Section 3.00, for the term of the financing, the University of California may use funds appropriated in Schedule (1) for debt service and costs associated with the purchase, renovation, and financing of a facility for the UC-Mexico research and academic programs in Mexico City. The amount to be financed shall not exceed \$7,000,000. The university shall report to the Legislature by March 15, 2007, on the (1) amount of funds spent to support the UC-Mexico facility (including the specific use of these funds), (2) amount of funds spent to support UC-Mexico research and academic programs, and (3) different types of research conducted and programs operated.

**University of California. Item 6440-001-0001**

Provision X. It is the intent of the Legislature that UC report by January 15, 2007 on salary increases provided to employees for 2006-07 by employment classification (represented staff, non-represented, staff, academic, senior management). The report should include the degree to which salary increases were consistent with the plan presented in the University's Regents Budget request in November, 2005.

Provision X. It is the intent of the Legislature that before changes are made to existing pension programs, UC report to the Legislature on how changes would affect employees by classification (represented staff, non-represented, staff, academic, senior management).

**Budget Act Language on UC Compensation, Accountability, and Transparency**

**Item 6440-001-0001**

It is the intent of the Legislature that UC fundamentally reform its compensation policies and practices to more appropriately reflect its status as a public institution accountable to the State of California. It is the intent of the Legislature that UC submit an annual report by March 1 of each year through 2010-11 to the Joint Legislative Budget Committee, legislative fiscal subcommittees, and the Department of Finance on the University's progress in reforming its compensation policies and practices consistent with the recommendations of the April 2006 Report of the Task Force on UC Compensation, Accountability, and Transparency (Task Force), the PricewaterhouseCoopers report, and the Bureau of State Audits May 2, 2006 report. Specifically, the University's report should include the following:

(1) consistent with the Task Force's recommendation on reporting, annual reports provided to the Board of Regents on total compensation for specified University senior officials (including the President, Provost, senior vice presidents, vice presidents/provosts, associate/assistant vice presidents, the University auditor, the University controller, principal officers of The Regents, chancellors, vice chancellors, national laboratory directors/deputy directors, medical center CEOs, professional school deans, and the top five most highly compensated positions at the Office of the President and each campus, medical center, and Department of Energy Laboratory). Total compensation information on employees not covered by this language is to be made available to the Legislature upon request.

In its annual report of total compensation for senior officials, the University should use a standard reporting template, such as the template recommended in the April 2006 Report of the Task Force, that lists all elements of total compensation, including base salary, benefits and perquisites, and all other forms of UC-provided compensation that accrue to the individual.

(2) plans and actions taken by UC to reform compensation policies and practices to ensure that, (a) clear and appropriate policies are in place to define compensation, (b) university compensation remains competitive,

(c) it is clear with whom the authority lies for making compensation decisions,

(d) policies include specific guidance about when exceptions are appropriate, who may grant them, and through which mechanisms, so that exceptions do not become the rule,

(e) conflicts among existing policies are eliminated,

(f) mechanisms are in place to ensure compliance with newly reformed policies and to reliably impose consequences when policies are violated;

(3) plans and actions taken by UC to update its human resources information system to ensure that campuses and the Office of the President are entering and capturing data in an accurate and systematically compatible manner that permits disclosure of compensation information in a full and timely way.

It is further the intent of the Legislature that the fiscal subcommittees of both houses of the Legislature hold annual hearings to review this report.

**Hastings College of Law. Item 6600-001-0001**

Provision 3. Of the amount appropriated in this item, \$776,000 is for one-time moving and relocation costs associated with the college's code-compliance upgrade project of its 200 McAllister Street facility.



**California State University**

*Replace Provision 7 of Item 6610-001-0001 with the following:*

Of the amount appropriated in Schedule (1), \$47,519,000 is to fund 8,490 additional state-supported full-time equivalent [FTE] students at the California State University (CSU), based on a marginal General Fund cost of \$5,597 per additional student. As a result, the Legislature expects CSU to enroll a total of 332,395 state-supported FTE students during the 2006-07 academic year. This enrollment target does not include non-resident students and students enrolled in non-state supported summer programs. The CSU shall provide a preliminary report to the Legislature by March 15, 2007, and a final report by May 1, 2007, on whether it has met the 2006-07 enrollment goal. For purposes of this provision, enrollment totals shall only include state-supported students. If CSU does not meet its total state-supported enrollment goal by at least 425 FTE students, the Director of Finance shall revert to the General Fund by May 15, 2007, the total amount of enrollment funding associated with the total share of the enrollment goal that was not met.

**California State University. Item 6610-001-0001**

Provision X. Of the amount provided in Schedule (1), \$52,000,000 is provided for student academic preparation and student support services programs. The university will provide \$45,000,000 and the state will provide \$7,000,000 to support the Early Academic Assessment Program, Campus-Based Outreach Programs, and the Educational Opportunity Program. It is the intent of the Legislature that the university report on the outcomes and effectiveness of the Early Academic Assessment Program to the fiscal committees of each house of the Legislature no later than March 15, 2007.

**California State University. Item 6610-001-0001**

Provision 9. Of the amount provided in Schedule (1), \$1,720,000 is appropriated to fund the full cost of a minimum of 163 full-time equivalent (FTE) students in Entry-Level Masters Degree Programs in nursing. ~~with priority given to entry level master's nursing degree programs.~~ The university shall report to the Legislature and the Governor by May 1, 2007 on its progress toward meeting this enrollment goal.

Provision X. Of the amount provided in Schedule (1), \$2,000,000 is appropriated on a one-time basis for start-up costs associated with the expansion of undergraduate and graduate nursing programs. It is the intent of the Legislature that these start-up funds result in the CSU increasing its 2007-08 undergraduate nursing enrollments by 340 FTES above the number served in 2006-07.

Provision X. Of the amount provided in Schedule (1) \$371,000 is appropriated to support the addition of 35 FTES (full-time equivalent students) in Baccalaureate Degree Programs in Nursing. This funding shall be used to support the full cost of instruction, at a rate of \$10,588 for each of these 35 FTES.

**California State University. Insert New Item: 6610-004-0001**

*Schedule (1) Dues to Western Interstate Commission on Higher Education ...*     \$112,000

**California Student Aid Commission. Item 7980-101-0001**

Provision 1(d) The purchase of loan assumptions under Article 5 (commencing with Section 69612) of Chapter 2 of Part 42 of the education Code. The Student Aid Commission shall issue ~~8,000~~ 8,600 new warrants. Of this amount, and notwithstanding any other provision of law, the commission shall allocate a total of 600 new warrants to the University of California and the California State University, as determined in consultation with those segments, to be awarded to participants in the Science and Math Teacher Initiative subject to the following provisions

**California Student Aid Commission. Item 7980-101-0001**

Provision X. The Student Aid Commission shall issue 100 new SNAPLE warrants pursuant to Article 5.6 (commencing with Section 69616) of Chapter 2 of Part 42 of the Education Code.

Article 5.3. State Nursing Assumption Program of Loans for Education (SNAPLE)

SEC. X . Section 69616 of the Education Code is amended to read:

69616. (a) The Legislature hereby recognizes the growing need for new faculty members in the nursing field at California's colleges and universities. This need will be fueled largely by the large number of current faculty approaching retirement age who will need to be replaced and the expected growth in enrollment demand in California. Further, to increase the supply of nurses in California, there must be an expansion of nursing educator opportunities in public colleges and universities that will produce the necessary faculty to teach in nursing programs in the state.

(b) The Legislature finds that the rising costs of higher education, coupled with a shift in available financial aid from scholarships and grants to loans, make loan repayment options an important consideration in a student's decision to pursue a graduate degree in nursing or *a nursing-related field*.

(c) It is the intent of the Legislature that the State Nursing Assumption Program of Loans for Education (SNAPLE) be designed to encourage persons to complete their graduate educations and serve as nursing faculty *in a registered nursing program* at an accredited California college or university.

(d) As used in this article, "commission" means the Student Aid Commission.

SEC. X. Section 69616.1 of the Education Code is amended to read:

69616.1. (a) Program participants shall meet all of the following eligibility criteria prior to selection into the program and shall continue to meet these criteria, as appropriate, during the payment periods:

(1) The participant shall be a United States citizen or eligible noncitizen.

(2) The participant shall be a California resident attending an eligible school or college.

(3) The participant shall be making satisfactory academic progress.

(4) The participant shall have complied with United States Selective Service requirements.

(5) The participant shall not owe a refund on any state or federal educational grant or have delinquent or defaulted student loans.

(b) Any person enrolled in an institution of postsecondary education and participating in the loan assumption program set forth in this article may be eligible to receive a conditional warrant for loan assumption, to be redeemed pursuant to this act upon becoming employed as a full-time nursing faculty member at a California college or university or the equivalent of full-time service as a nursing faculty member employed part-time at ~~two~~ *one* or more California colleges or universities.

(c) (1) The commission shall award loan assumption agreements to *undergraduate* students with demonstrated academic ability and financial need, as determined by the commission pursuant to Article 1.5 (commencing with Section 69503), *and to graduate students with demonstrated academic ability*.

(2) The applicant shall have completed a baccalaureate degree program or be enrolled in an academic program leading to a baccalaureate level or a graduate level degree.

(3) The applicant shall be currently enrolled in or admitted to a program in which he or she will be enrolled on at least a half-time basis each academic term as defined by an eligible institution. The applicant shall agree to maintain satisfactory academic progress.

(4) The applicant shall have been judged by his or her postsecondary institution to have outstanding ability on the basis of criteria that may include, but need not be limited to, any of the following:

(A) Grade point average.

(B) Test scores.

(C) Faculty evaluations.

(D) Interviews.

(E) Other recommendations.

(5) ~~In order to meet the costs of obtaining a graduate degree, the~~ The applicant shall have received, or be approved to receive, a loan under one or more of the following designated loan programs:

(A) The Federal Family Education Loan Program (20 U.S.C. Sec. 1071 et seq.).

(B) The Federal Direct Loan Program.

(C) Any loan program approved by the commission.

(6) The applicant shall have agreed to teach nursing on a full-time basis at one or more accredited California colleges or universities for at least three consecutive years, ~~or five part-time on a part-time basis for the equivalent of three full-time academic years, immediately commencing no more than 12 months after obtaining a graduate-an academic degree.~~

(7) An applicant who teaches on less than a full-time basis may participate in the program, but is not eligible for loan repayment until that person teaches for the equivalent of a full-time academic year, *unless the applicant, within the 12-month period, enrolls in an academic degree program leading to a more advanced degree in nursing or a nursing-related field.*

(d) A person participating in the program pursuant to this section shall not receive more than one loan assumption agreement.

SEC. X. Section 69616.2 of the Education Code is amended to read:

69616.2. The commission shall commence loan assumption payments pursuant to this article upon verification that the applicant has fulfilled all of the following: (a) The applicant has received a *baccalaureate degree or a graduate degree* from an accredited, participating institution.

(b) The applicant has provided the equivalent of full-time nursing instruction at one or more regionally accredited California colleges or universities for one academic year or the equivalent.

(c) The applicant has met the requirements of the loan assumption agreement and all other conditions of this article.

~~SEC. 2.~~

SEC. X. Section 69616.3 of the Education Code is amended to read:

69616.3. The terms of the loan assumptions granted under this article shall be as follows, subject to the specific terms of each loan assumption agreement:

(a) After a program participant has completed one academic year, or the equivalent of full-time teaching nursing studies, at one or more regionally accredited, eligible California colleges or universities, the commission shall assume up to eight thousand three hundred thirty-three dollars (\$8,333) of the outstanding liability of the participant under one or more of the designated loan programs.



(b) After the program participant has completed two consecutive academic years, or the equivalent of full-time teaching, at one or more regionally accredited California colleges or universities, the commission shall assume up to an additional eight thousand three hundred thirty-three dollars (\$8,333) of the outstanding liability of the participant under one or more of the designated loan programs, for a total loan assumption of up to sixteen thousand six hundred sixty-six dollars (\$16,666).

(c) After a program participant has completed three consecutive academic years, or the equivalent of full-time teaching, at one or more regionally accredited California colleges or universities, the commission shall assume up to an additional eight thousand three hundred thirty-four dollars (\$8,334) of the outstanding liability of the participant under one or more of the designated loan programs, for a total loan assumption of up to twenty-five thousand dollars (\$25,000).

*(d) The commission may assume liability for loans received by the program participant to pay for the costs of obtaining the program participant's undergraduate and graduate degrees. (e) The term of the loan assumption agreement shall be no more than 10 years from the date on which the agreement was executed by the program participant and the commission.*

*(e) The term of the loan assumption agreement shall be no more than ten years from the date on which the agreement was executed by the program participant and the commission.*

SEC. X. Section 69616.4 of the Education Code is amended to read:

69616.4. (a) Except as provided in subdivision (b), if a program participant fails to complete a minimum of three ~~consecutive~~ academic years of teaching *on a full-time basis, or the equivalent on a part-time basis*, as required by this article under the terms of the agreement pursuant to paragraph (6) of subdivision (c) of Section 69616.1, *the loan assumption agreement is no longer effective and shall be deemed terminated, and the commission shall not make any further payments. The participant shall* ~~repay loan forgiveness benefits previously provided through this program and~~ resume responsibility for any remaining loan obligations, *but shall not be required to repay any loan payments previously made through this program.*

(b) Notwithstanding subdivision (a), if a program participant becomes unable to complete one of the three ~~consecutive~~ years of teaching service *on a full-time basis, or the equivalent on a part-time basis*, due to a serious illness, pregnancy, or other natural causes, ~~the participant shall receive a deferral of the resumption of full liability for the loan~~ *the term of the loan assumption agreement shall be extended for a period not to exceed one academic year. The commission shall make no further payments under the loan assumption agreement until the applicable teaching requirements specified in Section 69616.3 have been satisfied.*

(c) *If a natural disaster prevents a program participant from completing one of the required years of teaching service due to the interruption of instruction at the employing accredited California college or university, the term of the loan assumption agreement shall be extended for the period of time equal to the period from the interruption of instruction at the employing accredited California college or university to the resumption of instruction. The commission shall make no further payments under the loan assumption agreement until the applicable teaching requirements specified in Section 69616.3 have been satisfied.*

SEC. X. Section 69616.5 of the Education Code is amended to read:

69616.5. (a) The commission shall accept nominations from accredited colleges and universities made pursuant to this article.

(b) The commission shall choose from among those nominations of *undergraduate students* deemed financially needy with outstanding student loans pursuant to Article 1.5 (commencing with Section 69503), and of *graduate students with outstanding student loans*, based upon criteria that may include, *but are not necessarily limited to, all of* the following:

- (1) Grades at the undergraduate level in a subject field related to nursing.
  - (2) Grades in the undergraduate program.
  - (3) Aptitude for graduate work in the field of nursing.
  - (4) General aptitude for graduate study.
  - (5) Critical human resource needs.
- (c) The commission may develop additional criteria for the selection of award recipients consistent with the purposes of this article.

## **California Student Aid Commission.**

**Item 7980-101-0001.** Provision X. The Student Aid Commission is authorized to issue 40 new warrants for a newly-established State Facilities, Nursing Assumption Program of Loans for Education, contingent upon enactment of legislation during the 2006-07 regular legislative session.

**Item 7980-001-0574** Provision X. Of the amount appropriated in this item, \$30,000 is to provide for one-half personnel years to implement a new State Facilities, Nursing Assumption Program of Loans for Education, contingent upon enactment of legislation during the regular 2006-07 legislative session.

## **California Student Aid Commission.**

**Item 7980-101-0001.** Provision X. The Student Aid Commission shall issue 100 new warrants for the Public Interest Attorney Loan Repayment Program, pursuant to Article 12 (commencing with Section 69740) of Chapter 2 of Part 42 of the Education Code.

**Item 7980-001-0574.** Provision X. Of the amount appropriated in this item, \$100,000 is to provide staff support and outreach associated with the implementation of the Public Interest Attorney Loan Repayment Program, authorized pursuant to Item 7980-101-0001.